

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

Chapter 11

Case No. 23-00623

Jointly Administered

Objection Deadline: 12/12/2023
at 4:00 pm *prevailing* CST

**SUMMARY OF SECOND MONTHLY APPLICATION FOR COMPENSATION AND
EXPENSE REIMBURSEMENT FOR PATIENT CARE OMBUDSMAN
PERIOD October 1, 2023 – October 31, 2023**

Name of Applicant:	Susan N. Goodman
Authorized to provide professional services:	as <i>Patient Care Ombudsman</i>
Date of Retention:	August 10, 2023
Period of Application:	10/1/2023 through 10/31/2023
Amount of Compensation Sought:	80% of \$9,322.00 or \$7,457.60
Amount of Expense Reimbursement:	\$995.38
Application Type:	Second Monthly

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

Chapter 11

Case No. 23-00623

Jointly Administered

**SECOND MONTHLY APPLICATION FOR COMPENSATION AND
EXPENSE REIMBURSEMENT FOR PATIENT CARE OMBUDSMAN
PERIOD October 1, 2023 – October 31, 2023**

Susan N. Goodman, as the duly appointed Patient Care Ombudsman (“**PCO**” or “**Applicant**”) comes now and submits this *Second Monthly Application for Compensation and Expense Reimbursement for Patient Care Ombudsman* (the “**Application**”) for the period from October 1, 2023, through October 31, 2023 (the “**Application Period**”). This Application is supported by the following:

JURISDICTION AND VENUE

1. This court has jurisdiction of this Chapter 11 proceeding pursuant to 28 U.S.C. §§ 157 and 1334. This matter constitutes a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief requested in this Application are Bankruptcy Rule 2016, United States Bankruptcy Code (the “**Bankruptcy Code**”) §§ 330-331, and the court’s *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 244] (the “**Interim Compensation Order**”).

BACKGROUND

4. On August 7, 2023 (the “**Petition Date**”) the Debtors filed the petitions for relief under Chapter 11 of the Bankruptcy Code. Debtors continue to operate its business and manage its properties as debtors and debtors-in-possession pursuant to the Bankruptcy Code sections 1107(a) and 1108. No trustee or examiner has been appointed.

5. On August 10, 2023, this court issued its *Order Approving Appointment of Susan N. Goodman as Patient Care Ombudsman* (the “**Appointment Order**”), filed at Docket No. 59 in the lead, jointly administered case docket.

6. Upon appointment, PCO promptly engaged with the leadership team to schedule and accomplish the initial site visit. PCO filed *Patient Care Ombudsman’s First Interim Report* (the “**First Report**”) on September 12, 2023, at Docket No. 211.

7. For much of the Application Period, PCO engaged remotely with various operational team members to monitor for potential patient care impacts relative to the ongoing bankruptcy process. At the end of the Application Period, PCO began her second site visit, completing that visit and the associated reporting in November 2023.

8. In addition to continued remote engagement with Debtor team members, PCO monitored and reviewed docket pleadings at a level consistent with her role and selectively attended hearings with an eye toward balancing the importance of understanding and tracking important case dynamics/milestones with the importance of fiscal stewardship.

THE INTERIM COMPENSATION ORDER

9. On September 14, 2023, the court entered the Interim Compensation Order which established the procedures for case professionals to seek interim compensation and reimbursement of expenses. Specifically, under the Interim Compensation Order, case professionals may file and serve Monthly Fee Applications on or after the fifteenth (15th) day of each month following the month for which compensation was sought. After the passing of a fourteen-day objection period, the Debtors are authorized to pay the requesting professional eighty percent (80%) of the requested fees and one hundred (100%) of reasonable, necessary, and actual expenses that are not subject to an objection.

COMPENSATION REQUESTED

10. By this Application, Applicant seeks allowance of professional fees in the amount of \$9,322.00 and expense reimbursement in the amount of \$95.38, collectively totaling \$10,317.38 for the Application Period. With the 20% fee holdback as directed by the Interim Compensation

Order, the requested Award totals \$8,452.98 (80% fees in the amount of \$7,457.60 and 100% of expenses). A copy of the Applicant's billing summary and detailed time records are attached herein to support the Award request.

11. PCO spent 29.8 hours, billing for 23.6 hours. Roughly seventy-two percent (72%) or a total of 21.3 hours of time was spent in activities that classify as general case administration. All 6.0 hours of billable, half-rate non-working travel were written off given the already heightened sensitivity of operational team members toward consultant and executive fees. A total of 2.5 hours were spent on fee associated activities, with PCO billing for 2.3 hours. The time spent in preparation of this Application will be included on future applications. Applicant's expenses are properly categorized as follows:

Expense Category	Amount
Airfare	\$649.79
Hotel	\$284.09
Meals	\$61.50
TOTAL	\$995.38

BASIS FOR RELIEF

12. United States Bankruptcy Code § 330(a)(3)-(4)(A) provides an analytical framework to evaluate the reasonableness of professional fees and expenses. The court considers the nature, extent, and value of the services rendered relative to: (1) the time spent, (2) the rates charged, (3) whether the services were necessary or provided a benefit to the estate, (4) the time spent relative to the complexity and nature of the task addressed, (5) whether the professional demonstrated skill and expertise, (6) whether the professional fee is comparatively reasonable, and (7) whether the fee avoids unnecessary duplication and/or waste.

13. If the professional fee requested fails this analysis, the court may reduce the amount of compensation awarded.

14. The Eighth Circuit has utilized the "lodestar" approach to determine if compensation is reasonable, a calculation arrived through multiplying "the reasonable hourly rate by

the reasonable number of hours required.” *In re Next Generation Media, Inc.*, 524 B.R. 824, 827, 60 Bankr. Ct. Dec. 153 (Bankr. D. Minn. 2015) *citing Bachman v. Laughlin (In re McKeeman)*, 236 B.R. 667, 671 (B.A.P. 8th Cir. 1999). *See also, In re Pothoven*, 84 B.R. 579 (Bankr. S. D. Iowa 1988).

15. PCO’s hourly rate of \$395.00 per hour compares favorably to other professionals in this field, particularly so when considering that PCO functions independently because she is a registered nurse, has health care operations experience, and is a health law attorney –providing significant economy to the Estate as a single professional who can evaluate the Debtors’ patient care operation and draft/file pleadings without engagement of local counsel. The PCO provided a vital and necessary service to the Debtors with effective and ongoing oversight of the standard of patient care provided by the Debtors at minimal cost to the Estates. Accordingly, PCO requests this court enter an order allowing and authorizing payment of the Award of \$8,452.98.

16. PCO has not shared or agreed to share compensation or reimbursement awarded in this case with any other person or entity.

17. No agreement or understanding exists between PCO and any other person for division of compensation.

18. PCO has not entered into any agreement prohibited by U.S.C. Title 18 §155.

19. PCO’s compensation and expense reimbursement requested are billed at rates, in accordance with practices no less favorable than those customarily employed by PCO and generally accepted by PCO’s clients.

20. Pursuant to the Interim Compensation Order, any party objecting to the requested Award must file a written objection with the court on or before the 14-day objection period deadline, serving the objection on the Applicant and the following Fee Notice Parties:

[remainder of page intentionally left blank]

<p>Nyemaster Goode PC Roy Leaf 625 First Street SE, Ste 400 Cedar Rapids, IA 52401 rleaf@nyemaster.com <i>Debtors counsel</i></p> <p>Mercy Hospital, Iowa City Attn: Mark E. Toney 500 E Market St Iowa City, IA 52245 noticing@mercyic.org</p>	<p>McDermott Will & Emery LLP Felicia Gerber Perlman Daniel M. Simon Emily C Keil Jack G. Haake (Dallas office) 444 West Lake Street, Ste 4000 Chicago, IL 60606 fperlman@mwe.com dsimon@mwe.com ekeil@mwe.com jhaake@mwe.com <i>Co-counsel to Debtors</i></p>
<p>Cutler Law Firm Robert Gainer 1307 50th Street West Des Moines, IA 50266 rgainer@cutlerfirm.com <i>Attorneys for The Official Committee of Unsecured Creditors of Mercy Hospital, Iowa City, Iowa, et al.</i></p>	<p>Sills, Cummis & Gross PC Andrew H. Sherman Boris I Mankovetskiy One Riverfront Plaza Newark, NJ 07102 asherman@sillscummis.com bmankovetskiy@sillscummis.com <i>Attorneys for The Official Committee of Unsecured Creditors of Mercy Hospital, Iowa City, Iowa, et al.</i></p>
<p>Office of the United States Trustee Janet G Reasoner 111 7th Ave SE, Box 17 Cedar Rapids, IA 52401 janet.g.reasoner@usdoj.gov <i>Attorneys for the United States Trustee's Office</i></p>	<p>Whitfield & Eddy PLC Peter J Chalik 699 Walnut Street, Ste 2000 Des Moines, IA 50309 chalik@whitfieldlaw.com <i>Attorneys for Preston Hollow Community Capital Inc. as Bondholder Representative for Computershare Trust Company</i></p>
<p>Mintz Levin Ferris Glovsky & Popeo PC William W Kannel One Financial Center Boston, MA 02111 BKannel@mintz.com <i>Attorneys for Preston Hollow Community Capital Inc. as Bondholder Representative for Computershare Trust Company</i></p>	<p>Mintz Levin Ferris Glovsky & Popeo PC Nathan F Coco Megan M Preusker 919 Third Ave New York, NY 10022 nfcoco@mintz.com krwalsh@mintz.com <i>Attorneys for Preston Hollow Community Capital Inc. as Bondholder Representative for Computershare Trust Company</i></p>

CONCLUSION

WHEREFORE, Applicant respectfully requests that this court enter an order:

- a. awarding PCO allowance of 80% of the fees for the Application Period in the amount of \$7,457.60 and awarding expense reimbursement in the amount of \$995.38 for a total award of \$8,452.98 for services rendered during the Application Period;

- b. authorizing and directing Debtors to pay the Award amount for PCO services rendered and expenses incurred during the Application Period; and,
- c. granting such other relief as is just and proper.

DATED: November 28, 2023.

By: /s/Susan N. Goodman, RN JD
Pivot Health Law, LLC
Az Bar No. 019483; Tx Bar No. 24117585
P.O. Box 69734
Oro Valley, AZ 85737
Msg: 520.744.7061 | Fax: 520.575.4075
sgoodman@pivthealthaz.com
Patient Care Ombudsman

CERTIFICATE OF SERVICE

I, Susan N. Goodman, hereby certify that on November 28, 2023, a true and correct copy of the *Second Monthly Application for Compensation and Reimbursement of Expenses for Patient Care Ombudsman – Period October 1, 2023, through October 31, 2023*, was filed with the Clerk of Court using Northern District of Iowa CM/ECF and the document was served electronically through the CM/ECF system to parties of this case.

DATED: November 28, 2023.

By: /s/Susan N. Goodman, RN JD
Pivot Health Law, LLC
Az Bar No. 019483; Tx Bar No. 24117585
P.O. Box 69734
Oro Valley, AZ 85737
Msg: 520.744.7061 | Fax: 520.575.4075
sgoodman@pivthealthaz.com
Patient Care Ombudsman



EXHIBIT
Fee Statement Summary

Case Name: Mercy Hospital, Iowa City, IA

Case No: ND IA 23-00623-JA

10/01/2023 - 10/31/2023

Cumulative Totals to Date				
FEES BILLED	COSTS BILLED	HOLDBACK	FEES PAID	COSTS PAID
\$31,047.00	\$2,928.18	\$6,209.40	\$17,380.00	\$1,932.80

Date:	28-Nov-23	Objection Deadline:	12-Dec-23
--------------	------------------	----------------------------	------------------

MO/YR	PROFESSIONAL	RATE/HR	HOURS BILLED	TOTAL	HOLDBACK	AMT DUE
Oct-21	SUSAN N. GOODMAN	\$395.00	23.6	\$9,322.00	\$1,864.40	\$7,457.60
	TOTAL FEES			\$9,322.00	\$1,864.40	\$7,457.60
	TOTAL COSTS			\$995.38	N/A	\$995.38
	AMOUNT DUE			\$10,317.38		\$8,452.98



Pivot Health Law, LLC

P.O. Box 69734
Oro Valley, AZ 85737

Invoice

Invoice #: 1290

Invoice Date: 11/1/2023

Period: October 1 - 31, 2023

Bill To:

Mercy Hospital, Iowa City, Iowa
ND IA Case No. 23-00623 (JA)
File #15224

Date	Description	Hours/Qty	Rate	Amount
10/2/2023	Update call with interim CEO (.5); docket monitoring, pleading review, document updates at level consistent with role DE 306, 311, 312, 314, 315, 320 (.2)	0.7	395.00	276.50
10/3/2023	add additional clients DE 321-322 (.1); Mercy hearing (.3); hearing proposed order review and DE 324 NOA (.1); DE 326, 328 and notice document updates (.1)	0.6	395.00	237.00
10/4/2023	Docket monitoring, pleading review, update documents/calendar at level consistent with role - DE 330 name chg; DE 332 NOA; DE 333 auction delay (.2)	0.2	395.00	79.00
10/5/2023	Update w Debtor counsel re case timing relative to report deadlines	0.2	395.00	79.00
10/5/2023	Prepare Exhib B Sept	0.3	395.00	118.50
10/6/2023	docket monitoring, pleading review, and document updates as needed relative to notice/calendaring DEs 336, 338, and 339	0.2	395.00	79.00
10/9/2023	docket monitoring and pleading review/action relative to role DEs 342 and 346 (.2);	0.2	395.00	79.00
10/10/2023	Call with Mercy Unit Mgr Team (.6); EML exchg Dir Rad/CV re staffing (.1); Review DE 352 auction results (.1);	0.8	395.00	316.00
10/11/2023	TXT CRO re auction announcement to staff and follow up review EML and press release (.2); TXT exchg with VP Clinical re same (.1); pre-scheduled update call with Dir Rad/CV Svc re staffing and now auction impact (.5); review Steidler affidav (.1);	0.9	395.00	355.50
10/12/2023	follow up debtors counsel re auction results and transition timing (.5); EML exchg re staff departure and concerns (.2); follow up EML DIA team with auction update (.1) and call w/ Dir (.2);	1	395.00	395.00

Total

Payments/Credits

Balance Due



Pivot Health Law, LLC

P.O. Box 69734
Oro Valley, AZ 85737

Invoice

Invoice #: 1290

Invoice Date: 11/1/2023

Period: October 1 - 31, 2023

Bill To:

Mercy Hospital, Iowa City, Iowa
ND IA Case No. 23-00623 (JA)
File #15224

Date	Description	Hours/Qty	Rate	Amount
10/13/2023	docket monitoring with document updates to notice (DEs 374-75)	0.1	395.00	39.50
10/15/2023	Manage travel plan regarding clinic coverage (.3); EML exchg Susan/Jane (.1)	0.4	395.00	158.00
10/16/2023	Begin drafting first monthly fee application; cover sheet; associated documents	1.6	395.00	632.00
10/17/2023	docket monitoring and pleading review at level consistent with role - DE 382 re cash collateral (.1); continued pleading drafting/finalization 1st Mo Fee (.3)	0.3	395.00	118.50
10/18/2023	Call fr court clerk re 1st mo fee app and NOBD (.2 NC); prepare and file NOBD (.2); prepare proposed form of order 1st Mo Fee (.2)	0.4	395.00	158.00
10/20/2023	docket monitoring and pleading review/follow-up relative to role - DEs 386, 387, and 390	0.3	395.00	118.50
10/23/2023	Docket monitoring and pleading review to track case dynamics and potential patient impacts - DEs 404, 405, and 408	0.2	395.00	79.00
10/25/2023	NOA at DE 410 and updates (.1); Review and analyze assertions in DE 411 (.3); follow up CMO and VP clinical ops (.1); NOA DE 413 and follow up (.1); TXT follow up CRO (.1); follow up debtor counsel re case pacing and potential patient concerns (.2); EML to ortho counsel re assertions in DE 411; fwd to debtor leadership (.3)	1.2	395.00	474.00
10/26/2023	Call with PACU/OR team re DE 411 assertions and current state (.6); Call with CRO re same (.4); EML response ortho legal with news article - review and analyze same (.4); call with CMO re current state and clinician departures (.4); Brief check in with UST (.1); Call with DON (.4)	2.3	395.00	908.50

Total

Payments/Credits

Balance Due



Pivot Health Law, LLC

P.O. Box 69734
Oro Valley, AZ 85737

Invoice

Invoice #: 1290

Invoice Date: 11/1/2023

Period: October 1 - 31, 2023

Bill To:

Mercy Hospital, Iowa City, Iowa
ND IA Case No. 23-00623 (JA)
File #15224

Date	Description	Hours/Qty	Rate	Amount
10/27/2023	NOA and document updates - DE 421 (.1); review DE 420 change auction result (.1); EML fr OR leadership re ortho cancellation reasons - analytics based on dates relative to auction - respond (.3); prepare and file 2d 2015.1 (.3); Hearing notices and calendar updates DE 423,424 (.1)	0.9	395.00	355.50
10/29/2023	1/2 rate NW Travel (Direct Transit): TUS-PHX (2.0); PHX-CID (3.6); CID-HOTEL (.4) = 6/2 (3.0)	3	395.00	1,185.00
10/30/2023	SV2: 1/2 NW travel for day - Hotel- Solon (.6) + Solon - Tipton (.8) + Tipton - Muskatine (.6) + Muskatine- West Lib (.6) + West Lib - West Branch (.5) + West B - Hotel (.5) = 3.6/2 = 1.8	1.8	395.00	711.00
10/30/2023	SV2: Solon clinic (.7); Tipton clinic (1.2); Muskatine clinic (.8); West Liberty clinic (1.2); West Branch clinic (1.3); Calls with Clinic Ops Dir x2 (.4)	5.6	395.00	2,212.00
10/31/2023	SV2 1/2 travel Hotel-Kolona clinic (.5); Kolona -Plaza (.7); Plaza to Uro (.6); Uro clinic to hotel (.6)= 1.8/2 (1.2)	1.2	395.00	474.00
10/31/2023	SV2: Kolona clinic (1.0); Clinic leadership team mtg (.9); Cardiology team clinic and clinic leadership/quality mtg (including patient interviews (2.1); Urology clinic (1.2)	5.2	395.00	2,054.00
	Discount 1/2 NW Travel		-2,370.00	-2,370.00
	Professional Fee Subtotal			9,322.00
10/10/2023	MERCY SV2 - PHX-CID		426.89	426.89
10/12/2023	MERCY SV 2 AIRFARE (CID to PHX)		222.90	222.90
10/29/2023	MERCY SV2 Hampton Inn Coralville		131.05	131.05
10/29/2023	MERCY SV 2 MEALS - Starbucks PHX		12.33	12.33
10/29/2023	MERCY SV2 MEALS McDonalds Coralville		5.29	5.29
10/30/2023	MERCY SV2 HOTEL - Hampton Inn University		153.04	153.04

Total

Payments/Credits

Balance Due

P.O. Box 69734
Oro Valley, AZ 85737

Invoice #: 1290
Invoice Date: 11/1/2023

Mercy Hospital, Iowa City, Iowa
ND IA Case No. 23-00623 (JA)
File #15224

Date	Description	Hours/Qty	Rate	Amount
10/30/2023	MERCY SV2 MEALS - Jimmi Jack's		27.14	27.14
10/30/2023	MERCY SV2 MEALS - Starbucks		9.43	9.43
10/31/2023	MERCY SV2 MEALS - Press		7.31	7.31
	Total Reimbursable Expenses			995.38

Balance Due	\$10,317.38
--------------------	--------------------